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RUEHLO/AMEMBASSY LONDON PRIORITY 5648
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1863
RUEHCI/AMCONSUL KOLKATA PRIORITY 3773
RUEHGV/USMISSION GENEVA PRIORITY 1834
RUEKJCS/SECDEF WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2918
RHEFDIA/DIA WASHDC PRIORITY
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001687

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SUBJECT: NEPALI CONGRESS CENTRAL COMMITTEE ENDORSES FEDERAL
REPUBLIC

Classified By: Charge d'Affaires a.i. Randy Berry. Reasons 1.4 (b/d).

Summary

¶1. (U) On September 5, the Central Working Committee of the Nepali Congress endorsed a proposal for a federal democratic republic. A long time in the making, this step demonstrates that those in favor of a ceremonial monarchy have lost the upper hand within the party. Measures in the proposal dealing with federalism and the head of state remain vague statements of principle rather than clear declarations. Reaction within the party and the populace at large has been mostly positive.

A Difficult Step for Party Leaders

¶2. (U) After intense day-long deliberations, the Central Working Committee (CWC) of the Nepali Congress (NC) on September 5 endorsed a proposal supporting a federal democratic republic. The CWC justified the call for a republican form of government with reference to the mandate of Jana Andolan-2 (People's Movement-2) of April 2006 "to make the people sovereign." The Prime Minister and party leaders had been under pressure for months to take such a step, but had resisted due to underlying sympathy for the monarchy and a belief that the institution provided support against the Maoists taking power. The Prime Minister's proposal in June for a ceremonial monarchy, with the current king's grandson, the 5 year old Nava Yuvaraj Hridayendra, as monarch did not receive support among the party or public, leading the Prime Minister to claim, unconvincingly, that the press had mistranslated and misinterpreted his remarks. Though a few other central committee members (5 of the 36) still personally favor maintaining a ceremonial monarchy, only the Prime Minister, his daughter and CWC member Sujata Koirala vocally opposed the decision.

Little Clarity on Federalism or Head of State in Proposal

¶3. (U) The proposal mentions geography, language, culture and economic relations as the appropriate basis for drawing

future lower-level administrative units. Concern that the head of state be representative of Nepal,s diversity was supported, but left unclear as to how that would be accomplished. The Election Manifesto Preparation Committee (EMPC) has been directed to draft a campaign manifesto based on this proposal. The CWC also called a meeting of the 650-member policy making committee for September 23-24 in Kathmandu.

Mixed Reaction to the Declaration

14. (C) Mahesh Acharya, a member of the CWC and EMPC, told emboff that the monarchy had repeatedly failed the party, country, and people of Nepal. He said that by taking this step the party hoped to eliminate a cause of violence in society and to benefit from moving in line with the people,s wishes. Sujata Koirala, on the other hand, told emboff she believed the political situation in Nepal is too unstable to safely make this type of change. She feared the declaration of republic at a time when Maoists are promoting anarchy and destabilizing the country was too dangerous. Rather than doing what the Maoists want, she favored reconciliation with all other democratic forces to safeguard democracy and the national interest. Sujata Koirala claimed her position reflected that of many party members. Narayan Khadka, Central Committee member of the Nepali Congress-Democratic (NC-D), told emboff he believed the NC had made a strong statement, but was skeptical that all NC members supported the decision and expected a very lively discussion when the policy committee took up the topic at their meeting September 23-24. He saw this step as a sop to the Maoists and the restless youth, and questioned the sincerity and utility of

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the statement.

Comment

15. (C) In August 2005 the NC had taken support for a constitutional monarchy out of the party statute, but the CWC decision is stronger and more consequential. As analyzed by the local press, the decision smoothes the way for the abolition of the monarchy and the introduction of a republican government. However, it is unlikely that this step will be enough to satisfy the Maoists, who have declared they will leave the government and start peaceful street agitation by September 18 if a republic has not been declared by the Interim Government. The Maoists, though, may be seeking any rationale to bolt the election process, and the NC declaration could take some of the wind out of their anti-monarchist stance, and even draw some popular support away from them. This could lead the Maoists to seize on an even flimsier excuse for boycotting the election, further eroding their credibility with the populace. The NC measure was not a sticking point in the unification talks between NC and NC-D. Sources now report that unification will be announced by September 11 or not at all.

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